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URBAN SUPPORT AGENCY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2006

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Release Date 8/29/07

URBAN SUPPORT AGENCY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Urban Support Agency, Inc.

I have compiled the accompanying statement of financial position of Urban Support Agency, Inc. (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the accompanying supplementary information contained in the summary schedule of findings and questioned costs, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Baton Rouge, Louisiana
July 31, 2007

URBAN SUPPORT AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

ASSETS

Current assets

Cash	\$	9,314
Grant receivable		<u>39,504</u>

Total current assets		<u>48,818</u>
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Property and equipment

Property and equipment		<u>4,631</u>
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Total property and equipment		<u>4,631</u>
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TOTAL ASSETS	\$	<u>53,449</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	2,955
Accrued expenses		<u>28,271</u>

Total current liabilities/liabilities		<u>31,226</u>
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NET ASSETS

Net assets

Unrestricted		<u>22,223</u>
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Total net assets		<u>22,223</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u>53,449</u>
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See accompanying notes and accountant's report.

URBAN SUPPORT AGENCY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

UNRESTRICTED NET ASSETS

REVENUES AND SUPPORT

Grant income	\$ <u>183,784</u>
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Total revenues and support	<u>183,784</u>
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EXPENSES

Program services expenses

Academic, enrichment, and recreational activities	4,713
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After school tutorial	131,772
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School and community support	<u>6,081</u>
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Total program services	<u>142,566</u>
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Supporting services expenses

Management and general	<u>31,729</u>
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Total expenses	<u>174,295</u>
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Change in unrestricted net assets	9,489
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Net assets at beginning of year	<u>12,735</u>
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Net assets at end of year	<u>\$ 22,223</u>
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See accompanying notes and accountant's report.

URBAN SUPPORT AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Program Services</u>			<u>Total</u>	<u>Supporting</u>	
	<u>Urban</u>	<u>TANF</u>	<u>Appropriations</u>	<u>Program</u>	<u>Services</u>	<u>Total</u>
				<u>Services</u>	<u>Managment</u>	
					<u>and General</u>	
Personnel	\$ 4,304	\$ 104,879	\$ 5,352	\$ 114,534	\$ 11,915	\$ 126,449
Fringes	409	10,571	589	11,569	951	12,520
Other expenses	-	265	140	405	206	611
Operating expenses	-	-	-	-	18,061	18,061
Other services	-	9,180	-	9,180	-	9,180
Supplies	-	5,789	-	5,789	-	5,789
Travel	-	1,089	-	1,089	-	1,089
Depreciation	-	-	-	-	596	596
	<u>\$ 4,713</u>	<u>\$ 131,772</u>	<u>\$ 6,081</u>	<u>\$ 142,566</u>	<u>\$ 31,729</u>	<u>\$ 174,295</u>

See accompanying notes and accountant's report.

URBAN SUPPORT AGENCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash flows from operating activities	
Change in unrestricted net assets	\$ 9,488
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities	
Depreciation	596
(Increase) decrease in grants receivable	(20,689)
Increase (decrease) in accounts payable	2,621
Increase (decrease) in accrued expenses	<u>4,776</u>
Total adjustments	<u>(12,696)</u>
Net cash provided (used) by operating activities	<u>(3,208)</u>
Net increase (decrease) in cash	(3,208)
Cash at beginning of year	<u>12,521</u>
Cash at end of year	<u>\$ 9,314</u>

See accompanying notes and accountant's report.

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Basis of Accounting

The financial statements of Urban Support Agency, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Contributions or Grants

Approximately 100% of the Organization's funding is provided from grants with the State of Louisiana.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation
(Functional expenses)

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Nature of Activities

Urban Support Agency, Inc. was created as a nonprofit corporation in July 1996 to provide tutoring and housing-related services to targeted persons or families in need. The organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Property and Equipment

All acquisitions of property and equipment in excess of \$250 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets as follows:

Furniture	10 years
Office equipment	10 years

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

FINANCIAL INSTRUMENTS

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents—Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of the Agency's financial instruments at June 30, 2006 are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$9,314	\$9,314

URBAN SUPPORT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

LEASES

Operating Leases

The Agency has several month-to-month noncancelable operating leases for office space. Rental expense for those leases consisted of \$6,407 for the year ended June 30, 2006.

NONCOMPLIANCE WITH GRANTOR OR DONOR RESTRICTIONS

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Agency for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture	\$ 366
Office equipment	<u>5,595</u>
	5,961
Accumulated depreciation	<u>(1,330)</u>
	<u>\$4,631</u>

URBAN SUPPORT AGENCY, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

Noncompliance finding:

Criteria – Louisiana Revised Statute 24:513 requires all quasi-public entities to complete the entity's financial statements and transmit the financial statements to the Legislative Auditor within six months of the close of the entity's fiscal year. This is the identical finding as in the prior year.

Condition – Urban Support Agency, Inc. did not submit its annual financial statements to the Legislative Auditor by December 31, 2006, which is six months after the close of its fiscal year ended June 30, 2006.

Effect – The organization is not in compliance with Louisiana Revised Statute 24:513.

Recommendation – The organization should schedule future audits in such a manner that it will be able to comply with Louisiana Revised statute 24:513.

Management's response – The board of directors and management of Urban Support Agency, Inc. are committed to meeting the reporting deadline of December 31, 2007, for its June 30, 2007, audit.